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March 13, 2012

FILED/ACCEPTED

MAR 13 2012

Federal Communications Commission  
Office of the Secretary

**VIA HAND DELIVERY**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

**Re: Competition Data Requested in Special Access NPRM, WC Docket No. 05-25  
and RM-10593 - REDACTED**

Dear Ms. Dortch:

By letter dated February 13, 2012,<sup>1</sup> the Chief of the Wireline Competition Bureau designated certain categories of information that Verizon submitted on December 5, 2011, in response to the *Competition Data Request Public Notice*,<sup>2</sup> to be eligible for Highly Confidential Treatment, consistent with the *Second Protective Order*.<sup>3</sup> In accordance with that determination, Verizon is resubmitting pages 7 and 49 of its December 5, 2011 Response, and Verizon is designating certain data on these pages as Confidential Information, consistent with the *Modified Protective Order*.<sup>4</sup>

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<sup>1</sup> See Letter from Sharon Gillett, Chief, Wireline Competition Bureau, Federal Communications Commission, to Donna Epps, Vice President, Federal Regulatory Affairs, Verizon (Feb. 13, 2012) ("*Verizon Letter*").

<sup>2</sup> See *Competition Data Requested in Special Access NPRM*, Public Notice, 26 FCC Rcd 14000 (2011) ("*Competition Data Request*").

<sup>3</sup> See *Special Access for Price Cap Local Exchange Carriers*, Second Protective Order, 25 FCC Rcd 17725 (2010) ("*Second Protective Order*").

<sup>4</sup> See *Special Access for Price Cap Local Exchange Carriers*, Modified Protective Order, 25 FCC Rcd 15168 (2010) ("*Modified Protective Order*").

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In its December 5, 2011 cover letter, Verizon claimed protection from disclosure of this information, in accordance with Exemption 4 of the Freedom of Information Act (FOIA),<sup>5</sup> and the Commission's rules, and Verizon requested that this information be treated as confidential and not made available for public inspection.<sup>6</sup> By this letter, Verizon renews that request.

In addition, Verizon requests that the Commission destroy or return to Verizon the original versions of the two pages for which Verizon is submitting these revisions.

Please contact me should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Donna Epps". The signature is written in a cursive, slightly slanted style.

Enclosure

cc: Andrew Mulitz

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<sup>5</sup> See 47 C.F.R. §§ 0.457 and 0.459; 5 U.S.C. § 552, *et seq.*; *Washington Post Co. v. U.S. Department of Health and Human Services*, 690 F.2d 252 (D.C. Cir. 1982) (FOIA exemption 4 protects from public disclosure confidential commercial or financial information obtained from a person outside of the government).

<sup>6</sup> See *Verizon Letter*.

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**B. ILEC Providers. We request that members of the public that are incumbent local exchange carrier (ILEC) providers of DS1, DS3, or PSDS services respond to the following questions.**

**Methodology.** To respond to the FCC's special access public notice, Verizon retrieved data from various business systems for its mass market, wholesale, wireless, and enterprise business segments. Verizon does not routinely report much of this type of information to the FCC or to other government agencies. In many instances, it was necessary to pull and consolidate information from different resources and databases to provide the requested information. This synchronization required substantial resources and manual efforts, and may inadvertently include some imprecision due to variations in how different systems collect and maintain data. In other instances, the requested information could not be readily and accurately obtained. The following describes the data retrieval methodology Verizon followed for those requests for which data will be submitted. In other instances, narrative or other responses are provided:

Verizon retrieved intrastate and interstate ILEC revenue data from its billing systems for DS1 and DS3 services. Because Verizon's systems do not associate non-recurring charges with a particular discount level, Verizon captured only monthly-recurring charges. Verizon then aggregated the revenue by the type of discount plan.

The sum of the revenue reported for the subcategories does not always add up to the total revenues because customers can subscribe to both generally available discount plans such as the Commitment Discount Plan (CDP) and the National Discount Plan (NDP) concurrently with a pricing flexibility contract. In those instances, revenue for that customer would be reported under both the discount plan and the pricing flexibility contract sub-categories.

Verizon's billing systems do not provide information on the level of discount associated with a billed revenue amount. To derive this information, Verizon aggregated billed revenue based on its associated discount plan and term commitment for its East regions (former Bell Atlantic FCC 1 and FCC 11 tariffs). Because discounts in Verizon's West regions (former GTE FCC 14 and FCC 16 tariffs) vary by state, volume commitment, and term commitment, aggregating the associated billed revenue by discount level would be overly burdensome. Thus, Verizon prorated the revenue in the Verizon West region based on the allocation of the revenue in the East region. The Verizon East region revenue for DS1 and DS3 account for approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] of the total DS1 and DS3 revenue. In the case of non-prior purchase-based discount plans, revenue in Verizon's East region was not available to use as an allocator, hence, Verizon did not prorate those revenue (reported as "not available").

In response to III.B.1, j-k, Verizon is submitting pricing flexibility contract DS1 and DS3 revenue aggregated by discount level for its contracts that are sold to wholesale customers. The comparable revenue information is not available for the pricing flexibility contracts associated with Verizon's retail customers in Verizon's billing systems, and aggregating these data by discount level for contracts sold to retail customers would require highly burdensome manual manipulation that could likely introduce substantial errors; thus, this data was not included.

8. *Terms and Conditions.* Explain how, if at all, sales for *DS1* and *DS3* services in markets subject to *Phase I* or *Phase II Pricing Flexibility* may be effectively conditioned on sales in price cap markets, or vice versa. Provide in your explanation at least one specific example which, at a minimum, states: (a) the geographic area(s) impacted (e.g., *MSA* or *Non-MSA*); (b) the provider potentially conditioning sales between areas; (c) the special access service(s) at issue; (d) a description of the conditional requirement(s); and (e) if applicable, the number and section of the *Tariff(s)* or *Contract-Based Tariff(s)* at issue.

9. *Terms and Conditions.* In *LSAs* in which you ceased buying *DS1* and/or *DS3* services from one vendor and, instead, purchased comparable *DS1* and/or *DS3* services from a competing provider, state the number of times within the past 5 years you have done so, the name(s) of the provider(s) from whom you switched, the name(s) of the competing provider(s) to whom you switched, and the percentage of *DS1* and/or *DS3* circuits within the *LSA* that you switched to the competing provider. Within the same 5-year period, state the number of times your procurement division considered switching from its provider of *DS1* and/or *DS3* services to a competing provider, but decided not to do so, and explain why if those reasons are related to terms and conditions.

10. *Terms and Conditions.* Explain the circumstances under which you have paid *One Month Term Only Rates* for *DS1* and/or *DS3* services and the impact, if any, it had on your business. If you have never paid *One Month Term Only Rates* for *DS1* and/or *DS3* services, explain what impact, if any, paying such rates would likely have on your business.

### Verizon's Response, D.1-10

Verizon purchases high capacity service from more than 800 providers, including ILECs, CLECs, utilities and cable providers. Examples include:

[BEGIN CONFIDENTIAL]

[illegible]

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